

Consumers Energy Smart Energy Program Testimony  
House Oversight Committee  
Dec. 2, 2014  
Lisa DeLacy, Executive Director of Smart Energy

Thank you Mr. Chairman, and members of the Committee, for the opportunity to testify today. My name is Lisa DeLacy, and I am the Executive Director of Consumers Energy's Smart Energy™ program. I am joined today by Dennis McKee, our external communications director for the Smart Energy program.

Consumers Energy is committed to investing in Michigan's future and providing value to our customers – and the Smart Energy program is part of that investment. Smart meters establish two-way communication between the company and the customer, resulting in numerous customer benefits, namely:

- Immediate notification of outages; eliminating the need for the customer to call the company;
- Customer diagnostics will occur quicker, providing the customer with better service;
- Improved bill accuracy through the elimination of estimated meter reads;
- Online energy-use data through our Smart Energy web portal, allowing the customer to review their energy use and decide when and how to lower their bill.

This technology is providing the foundation for new program offerings for our customers and enabling more cost-effective and efficient operations, ultimately providing better service to our customers.

Currently, we have more than 350,000 meters installed in the Muskegon, Zeeland and Grand Rapids areas. The installation program will run through 2017. At its conclusion, we will have updated our electric-meter technology and gas-communication modules across our service territory – improving value for our 1.8 million electric customers and 600,000 of our natural gas, combination customers.

My testimony today will focus on:

- The technology utilized in our program;

- The ways we are communicating the Smart Energy benefits to our customers;  
and
- The options we have in place for customers who have concerns about our Smart Energy program.

Although we began installing meters in 2012, this program actually started with research many years earlier, ensuring we were choosing the best option for our customers. Based on the research, we selected a point-to-point, cellular technology. Consumers Energy is the first large utility in the United States to utilize the cellular telephone network, and this technology significantly reduces security and privacy concerns. The text-message-type communications from the meters are encrypted and coded, but they contain no personal information – no names, no addresses, not even the customers' account numbers. The individual meters do not communicate with one another – the data is sent securely through our Verizon network from each meter to our Smart Energy Operations Center in Jackson. The meters send us the total amount of electricity measured each day by each meter, which can be broken down by the hour.

When embarking on the installation process, the company seized the opportunity to reintroduce ourselves to our 1.8 million customers through a robust communication strategy. We communicate early and often in a multi-phase approach that includes reaching out to customers through media, public outreach, direct mail, our company website and our dedicated Smart Energy Call Center representatives. As I mentioned, our process starts early, with media and attendance at local meetings up to one year before installation begins.

Approximately one month before installation, we begin communicating directly with the customer about their upcoming meter installation with a postcard, followed by a letter about two weeks before our service technician arrives at their home. On the day of their meter installation, our service technician has a conversation with the customer regarding their meter installation and leaves a green door hanger with more information. If the exchange is

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unsuccessful, a blue door hanger is left, letting the customer know why we could not exchange their meter.

We are very proud of the communication strategy we have implemented, and our customers are responding. Satisfaction levels for the company have grown in the Muskegon, Zeeland and Grand Rapids areas since smart meters were installed, and customers in those areas are now 50 percent more likely to recommend the company to their family and friends. As we move through the rest of the state, we are excited to capitalize on this opportunity to reintroduce ourselves to the customer, as their trusted energy partner and provider.

Although the overwhelming majority of our customers are excited for the opportunities that smart meters will bring, we have developed ways to address those who have concerns about the meter technology. One-half of one percent of our customers expressed their desire to forego a communicating meter, citing their perceptions of health or privacy concerns.

The Michigan Public Service Commission's Staff Report U-17000 chronicles the extensive process the MPSC followed to listen to those who have concerns. It also cites the many studies the MPSC utilized to determine that our meter technology is beneficial, safe and secure. Numerous states have performed similar investigations and arrived at similar findings. I brought such a report from the Public Utilities Commission of the state of Texas, which I will submit to you for your consideration. For those customers who do not accept the findings of U-17000 and the many studies it cites, Consumers Energy has established its Manual Meter Reading Program (MMRP), which facilitates customers utilizing non-communicating meter technology.

The costs of enrolling in that program include a one-time fee of \$69.39 to support the legacy meter programmatic costs, and a charge of \$9.72 monthly to send out a meter reader. If we have already sent information to a customer's home and upgraded the meter, and then we're notified of a preference to have a non-communicating meter, the one-time charge is \$123.31. I would like to reiterate that to-date; only one-half of one percent of our current customers with smart meters have chosen to enroll in the MMRP.

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In conclusion, I am proud of the work Consumers Energy's 7,500 employees perform across Michigan every day, and I'm particularly proud of the contributions the Smart Energy team is making to enhance service and interactions with our customers. In addition, I'm proud of the customer support we have for this program and our company.

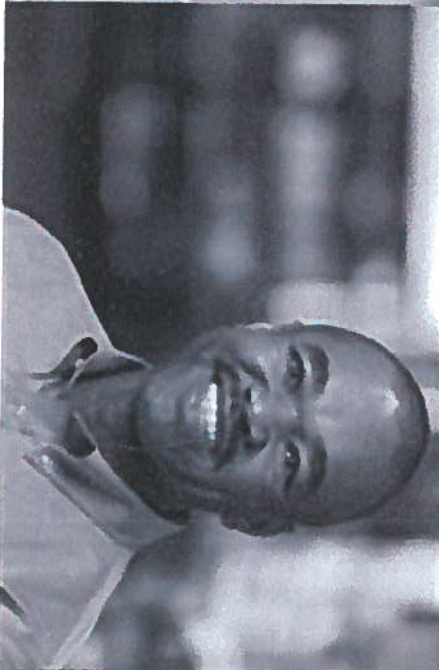
We are working hard to provide energy that works smarter for our customers, and Consumers Energy's Smart Energy program is a reflection of how we can use technology to deliver value to our customers. I am happy to provide answers to any questions you may have about the Smart Energy program specifically, or about Consumers Energy.

Thank you.



**ENERGY THAT  
WORKS SMARTER  
FOR YOU.  
THAT'S OUR PROMISE TO  
MICHIGAN.**

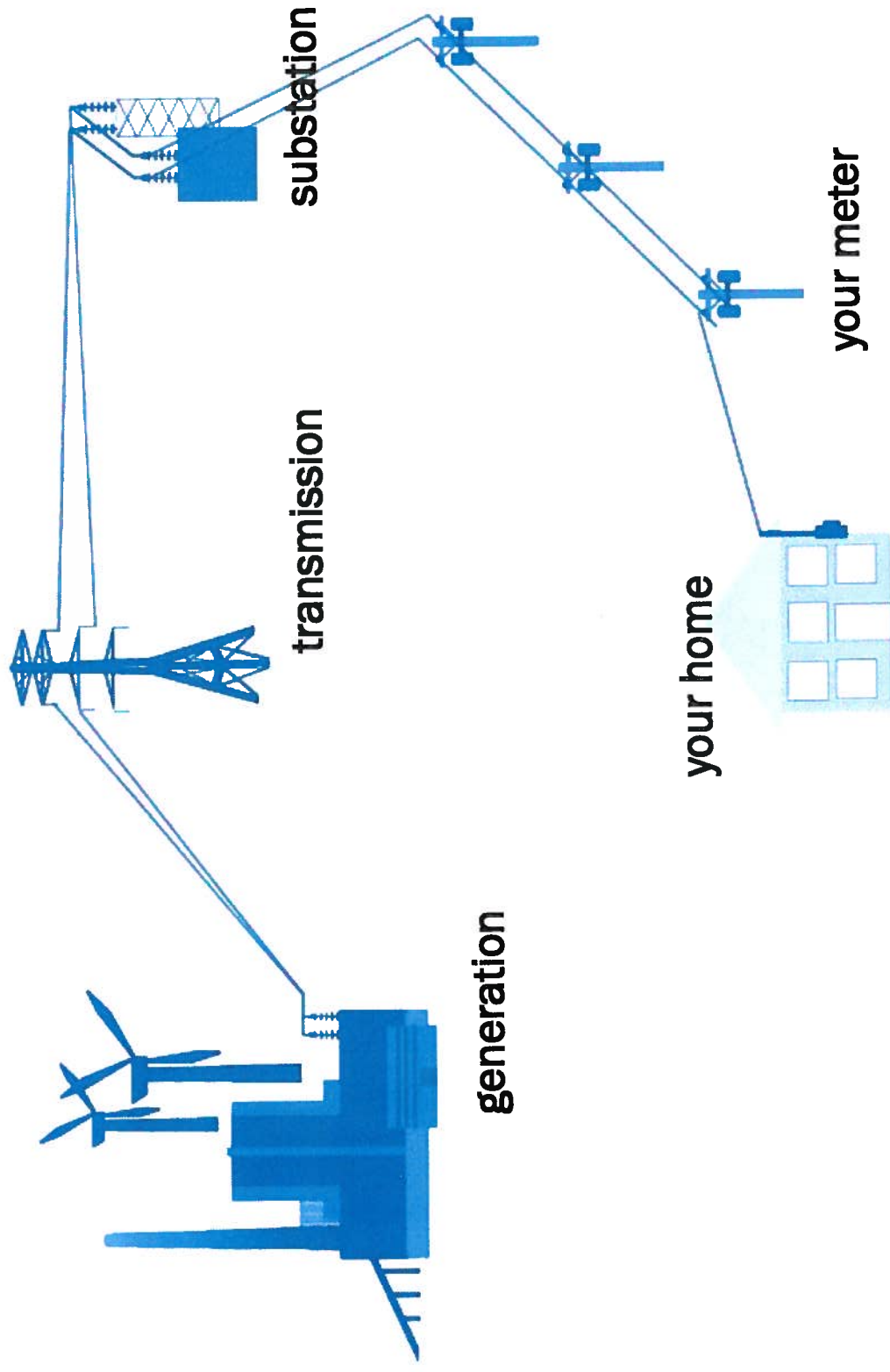
**Consumers Energy**  
*Count on Us*





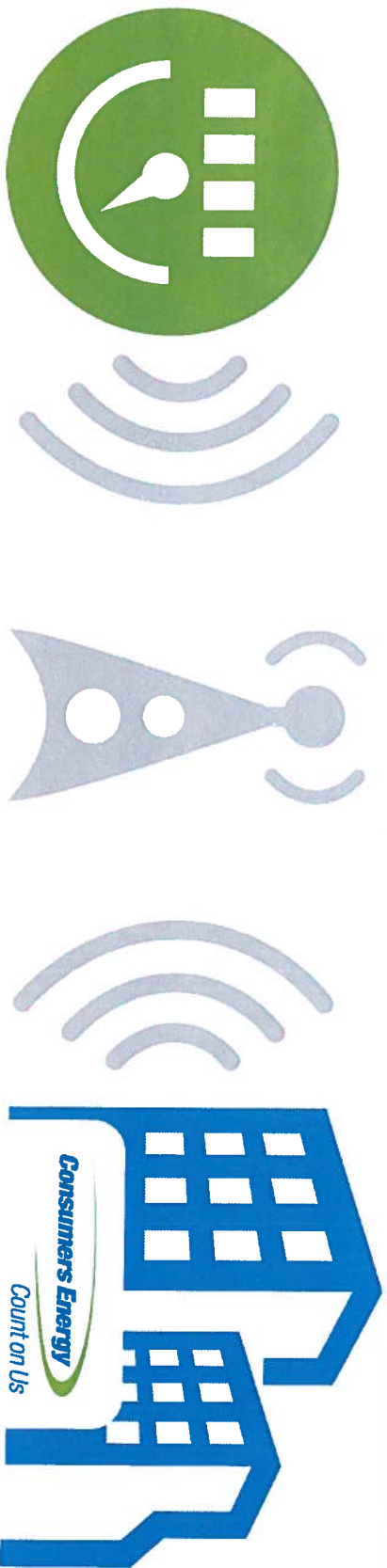


# Why Smart Grid?





## What are Smart Meters?



- Smart meters are similar to existing electric meters on your homes and businesses, but have two way communication capabilities.
- A module within the meter sends total household energy usage data to Consumers Energy through a secure network.





## What are the Benefits?



### Virtual Meter Reads **AVAILABLE NOW**

Reducing estimated bills!

- Faster high bill resolutions – with near real time daily energy use information



### Daily Use Information **AVAILABLE NOW**

Hourly, daily, or monthly energy use patterns

- Automated notifications to customers when energy use is trending higher



### Improved Reliability **COMING IN 2016**

Increased information on power outages

- In the future, meters will alert us when power is lost

# IMPROVING CUSTOMER SERVICE





# What's the Difference



**OLD METERS**



**NEW METERS**



## Accurate Bills & Energy Usage

- Monthly information sent to customers (sometimes an estimate and sometimes a surprise).
- DAILY usage sent to Consumers Energy (rarely an estimate, no surprises).

## Outage Response

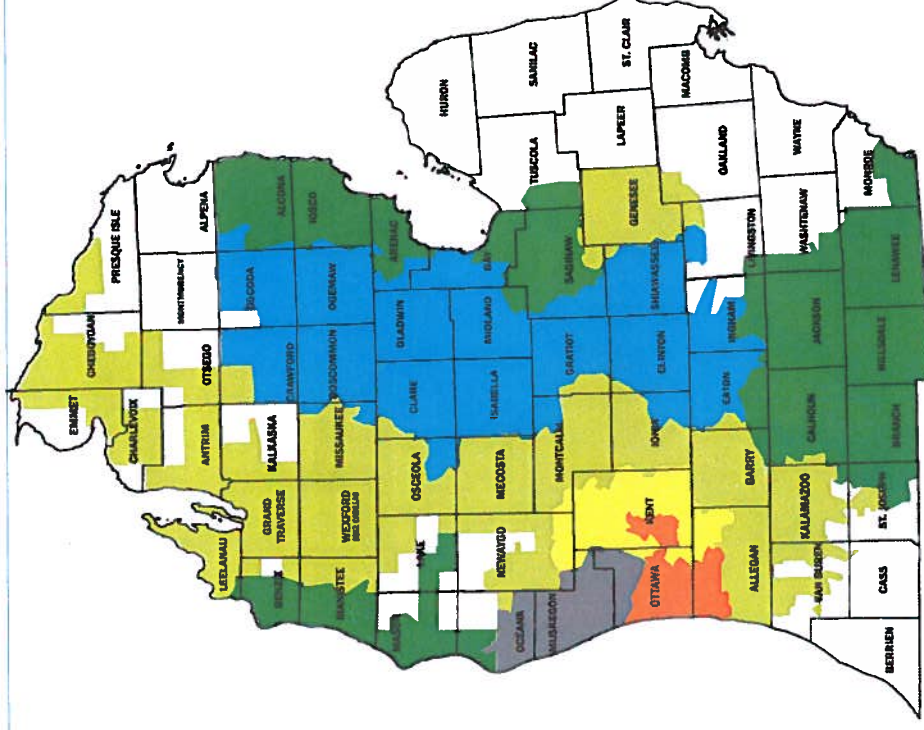
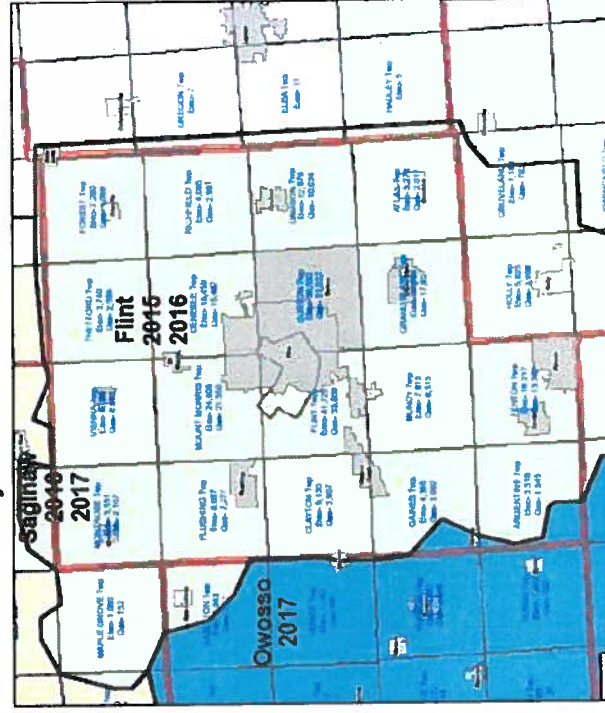
- Customers must call Consumers Energy to report an outage.
- No confirmation when power is back on.
- Consumers Energy will know when power is out.
- More efficient response, better information about the source of outage.



# Smart Meter Installation Plan

- Phased approach by region
- Installations through 2017
- 1.8 million electric meters
- 600,000 gas communication modules

Genesee County



MAP KEY



\* Installation plans are based on Consumers Energy Service Center territories  
Colors reflect the year installation will begin



Areas not served\*  
Consumers E





# Meter Upgrades

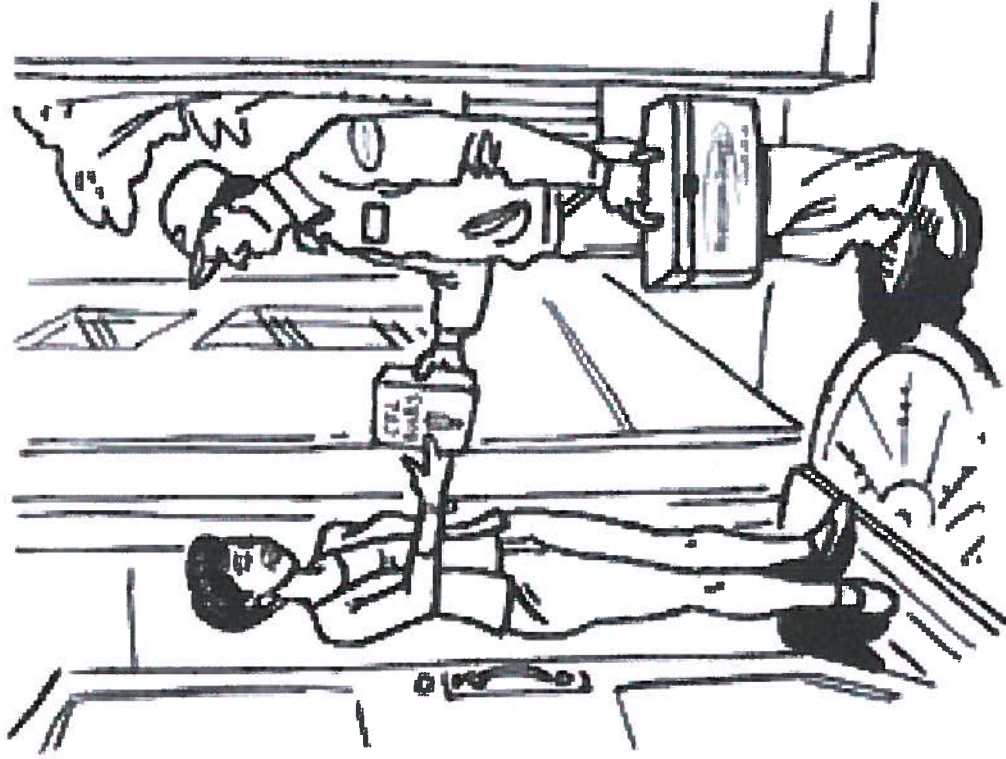


Consumers Energy has upgraded meter technology for residential customers and small businesses from electromechanical meters (left) to digital meters (middle) over the past 10 years, as the older meters have required replacement. Smart meters (right) have upgraded functions and will be installed across the state through 2017.



## Our Approach

### Smart Energy



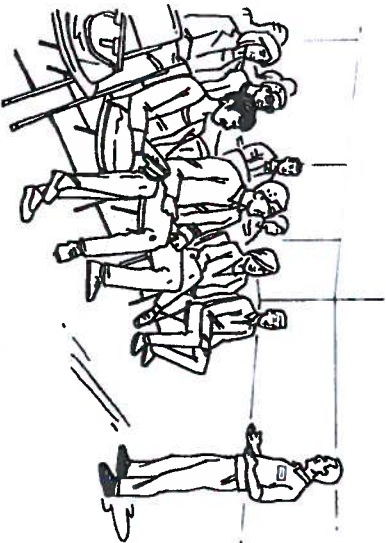
### Business as usual or...

- Opportunity to re-introduce Consumers Energy
- Will be directly contacting 100 percent of electric customers
- Capitalize on a moment that matters
- Building the foundation for future customer programs





# 2012 Customer Experience



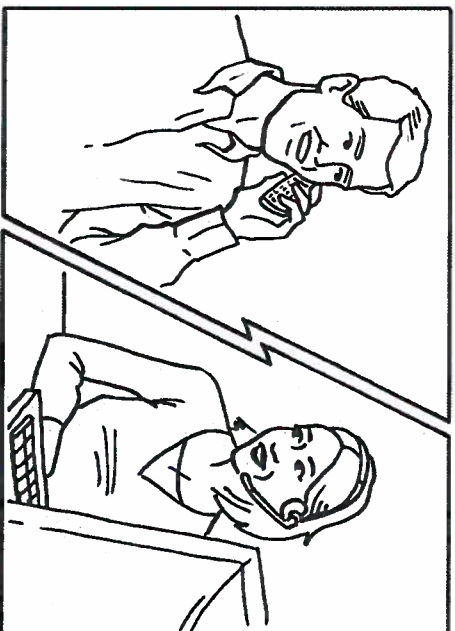
Proactive community engagement  
(customized, local, segmentation  
driven)



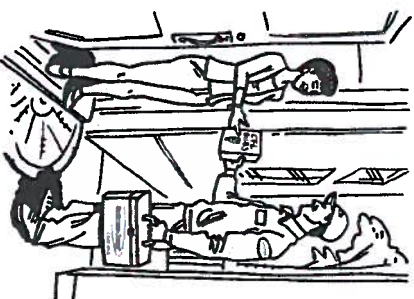
Customized postcard & letter  
driven by segmentation



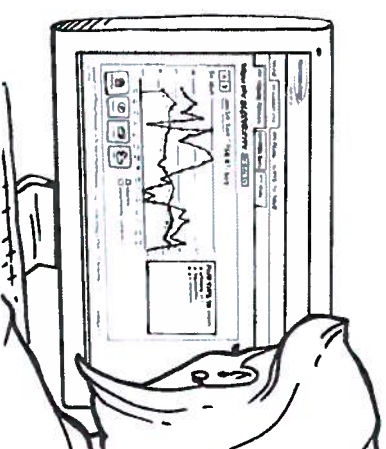
CE branded representative



Dedicated Call Center team



Customer field team



Summer 2013: Access to  
OPower driven energy usage  
information



# 2013 Customer Experience

2



CUSTOMER  
COMMUNICATIONS

1



OUTREACH  
EVENTS  
+ PAID MEDIA

3



INSTALLATION  
EXPERIENCE

4



DEDICATED  
CALL CENTER

5

Consumers Energy Smart Energy<sup>SM</sup> Program

TRACK YOUR ENERGY USE

STEP 1

STEP 2

WEBSITE + WEB  
PORTAL



Multi-layered approach leads to positive customer experience





# Customer Engagement



**720,000+** customer mailings



**360,000** customer homes equipped with smart meters



**About 1/2 of 1%** Manual Meter Reading Program  
(formerly called Opt-Out Program)



**340+** outreach events



## FAQ: Radio Frequency



### **Myth:**

Smart meters will emit high levels of radio frequency radiation into my home.

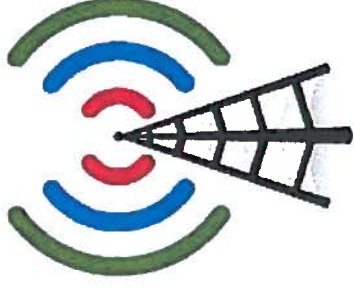
### **Fact:**

*RF from smart meters is similar to common every day devices such as radios, cell phones, baby monitors, wireless networks, etc.*

*The RF exposure from smart meters is less than the exposure from talking on a cell phone or from a baby monitor.*

*Exposure levels decrease significantly as distance from the transmitter increases.*

*RF weakens as it passes through barriers such as building materials and meter enclosures.*







## FAQ: Connect/Disconnect Switch

Myth:

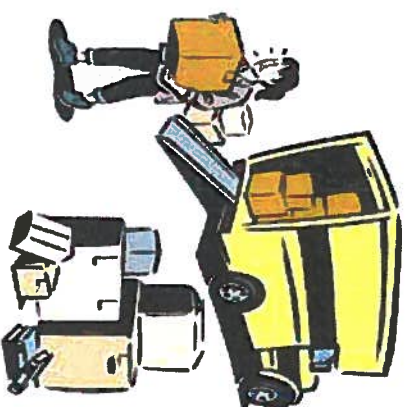


Smart meters will allow the power company to Connect and Disconnect customers at will

Fact:

*Whether manual or remotely through the Smart meter, Connects and Disconnects follow a process approved by Michigan Public Service Commission (MPSC)*

- Move in / Move out
- Payment options



*Move in / Move out*



# FAQ: Security and Surveillance Devices



## **Myth:**

Smart meters will give criminals access to personal data and are surveillance devices

## **Fact:**

*All data that is transmitted is encrypted throughout the process*

*No Customer specific data like social security and driver's license numbers are transmitted or even known to the meter*

*No Customer data is sold to 3<sup>rd</sup> parties*

*Smart meters do not monitor household activity. They only record total energy usage for the home or business.*







## FAQ: Appliances and Tracking of Electronic Devices

**Myth:**



Smart meters track, monitor and shut off individual specific electronic devices.

**Fact:**

Smart meters do not identify electrical devices in the home or record when they are operated.

Smart meters only record total energy usage, but at intervals such that the customer can assess their own energy use profile

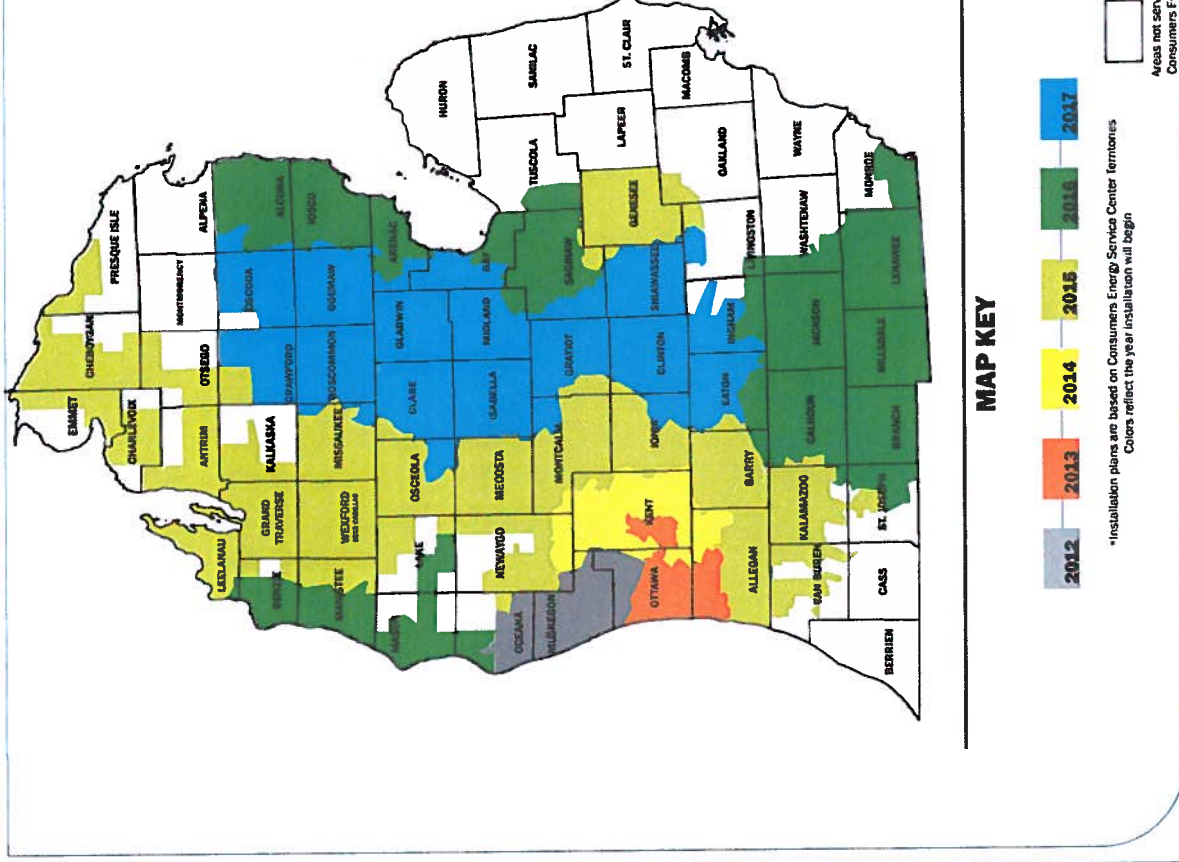
Smart meters are not able to turn off your appliances at will





## In Summary

- **We are...**
  - Transforming the way we provide service and value to customers,
  - Answering your questions and continuing the dialogue,
  - Ready to provide any support you need to respond to the residents of Michigan – our customers.







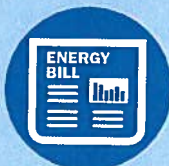
# Consumers Energy Smart Energy™ Program

There are more than 65 million smart meters in the United States. The Consumers Energy Smart Energy™ Program is installing meters through 2017. The information below provides insight into the benefits, facts about the program and where/when we will be installing meters.

## HOW YOU BENEFIT



Meters can be remotely read in any weather — no estimated bills



Energy use is sent daily to us, minimizing estimated bills or bill surprises.

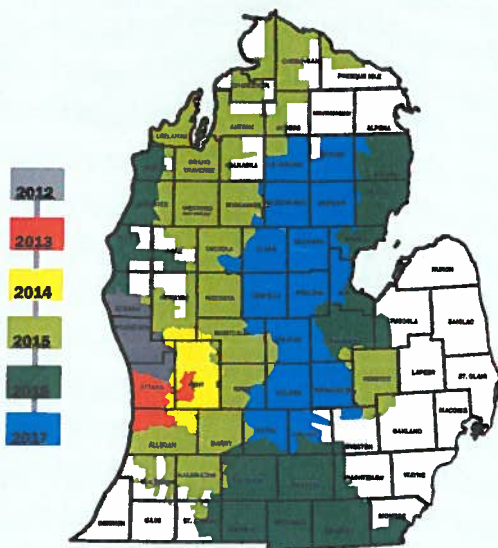


Track your energy use online via the Smart Energy Web Portal.



Better outage management - we will know when a customer's power is out  
*(Coming in the future)*

## INSTALLATION SCHEDULE



## THE FACTS

- The meter contains no customer information, only usage and operational status.
- All information transmitted to/from the meter is protected by a private, secure network.
- The meters do not identify specific devices or appliances — only total energy use is sent to Consumers Energy.
- The radio frequencies used to transmit the data are the equivalent of sending one text message a day. The frequency emissions are well below guidelines set by the Federal Communications Commission (FCC).

## INSTALLING THE METER: KEEPING YOU INFORMED

**30**  
DAYS  
BEFORE

POSTCARD



**7**  
DAYS  
BEFORE

PHONE CALL



**14**  
DAYS  
BEFORE

LETTER



**DAY**  
OF  
INSTALL

DOORHANGER



## HOW CAN WE HELP?

- Visit [www.ConsumersEnergy.com/smartenergy](http://www.ConsumersEnergy.com/smartenergy) to learn more
- Call our dedicated team at 888-862-2199
- Schedule us to speak at your civic meeting

**ENERGY THAT WORKS SMARTER FOR YOU.**  
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**Consumers Energy**  
Count on Us





# CONGRATULATIONS!

SOON YOU'LL RECEIVE AN UPGRADED METER  
FROM CONSUMERS ENERGY!

**Consumers Energy**  
Count on Us

Sample A. Sample  
1234 Anystreet  
Anytown USA 12345-6789

Re: Installation at 1234 Anystreet  
Installation at 1234 Anystreet

Dear Sample A. Sample,

In the next few weeks, we'll be in your area to install upgraded meters. We're upgrading to enhance our customer service and provide new tools and information to help you make better-informed energy choices. The first step to help us serve you better is to install your smart meter. Already, more than 65 million state-of-the-art meters like the one you'll receive have been installed in homes and businesses nationwide. We'll be installing 1.8 million of them for our electric customers in Michigan by 2017.

Here's some important information about your installation:

- You only need someone present if your meter is being installed inside your home or office.
- If your current meter is outside, please make sure it's clear of any obstructions so our service technician can access it.
- If you operate sensitive medical or electronic equipment we should be aware of in your home or office, **or if you'd prefer to schedule an installation appointment**, please call 1-888-862-2199.
- Our technician will let you know when he or she arrives. At that time, you may power down your electronic devices. There will be a 5- to 10-minute interruption to your electric service during installation. We apologize for any inconvenience. The technician will leave a door hanger notifying you that your upgraded meter has been installed.
- Once installed, smart meters begin sending daily energy usage to Consumers Energy. To ensure accuracy, meter readers will continue to read meters for a period of time.

For more information, please contact us at 1-888-862-2199 or visit [ConsumersEnergy.com/smartenergy](http://ConsumersEnergy.com/smartenergy). Energy that works smarter for you. That's our Promise to Michigan.

Sincerely,

Garrick J. Rochow  
Vice President, Customer Operations & Quality

Para ayuda en español, llame al 1-888-862-2199.

## TAKE CHARGE OF YOUR ENERGY USE ONLINE

Thanks to your smart meter, now you can visit [ConsumersEnergy.com/smartenergy](http://ConsumersEnergy.com/smartenergy) and explore new tools that let you:

- Review your energy use by hour, day or month
- Discover energy-saving tips
- Receive automated alerts when your energy use is trending higher

## RECOGNIZING YOUR CONSUMERS ENERGY AUTHORIZED CONTRACTOR

The service technician installing your meter will be wearing a photo ID badge and safety vest and will be driving a vehicle displaying the Consumers Energy logo.



SAFETY VEST



ID BADGE



MARKED VEHICLE

